

Promissory Note

\$2,000,000.00

May __, 2011
Louisville, Kentucky

FOR VALUE RECEIVED, THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, a consolidated local government and political subdivision under the laws of the Commonwealth of Kentucky (the “**Metro**”), with an address at 527 West Jefferson Street, Louisville, Kentucky 40202, promises to pay to the order of **REPUBLIC BANK & TRUST COMPANY** (the “**Bank**”), in lawful money of the United States of America in immediately available funds at its offices located at Republic Corporate Center, Louisville, Kentucky 40202, or at such other location as the Bank may designate from time to time, the principal sum of TWO MILLION AND NO/100 DOLLARS (\$2,000,000.00), or so much as may be outstanding, together with interest accruing on the outstanding principal balance of each advance as provided below. Interest shall be calculated from the date of each advance until repayment of each advance.

Definitions. For purposes of this Note, the following terms shall have the following meanings:

“**Advance**” means a disbursement of funds by Bank to Metro for the Project (as hereinafter defined).

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with or by such Person. In no event shall Bank be deemed or construed to be an Affiliate of Metro. For purposes of this definition, “control” (including “controlling,” “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

“**Business Day**” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Louisville, Kentucky.

“**Final Maturity Date**” means May __, 20__.

“**Person**” means any natural person, sole proprietorship, private or public corporation, partnership (general or limited), limited liability company, trust, business trust, joint venture, unincorporated organization or association, or any other entity of whatever nature.

Authorization. This Note has been authorized to be issued by Metro pursuant to, inter alia, Sections 66.010 to 66.191 of the Kentucky Revised Statutes (the “Act”) and an ordinance of Metro duly adopted on _____, 2011 (such ordinance, as the same may hereafter be amended or supplemented in accordance with its terms, being hereinafter referred to as the “Authorizing Ordinance”) for the purpose of funding Metro’s investment in the local New

Markets Tax Credit program (the "Project"). This Note also constitutes a "note" for purposes of the Act. This Note is a general obligation of Metro to the payment of the principal of and interest on which the full faith, credit, and taxing power of Metro is pledged pursuant to the Authorizing Ordinance and is payable from any lawfully available moneys of Metro, including an ad valorem tax on all taxable property within Metro, which Metro has covenanted in the Authorizing Ordinance to levy, collect, and appropriate each year for the payment of the principal of, premium, if any, and interest on all bonds and notes issued and outstanding under the Authorizing Ordinance.

Rate of Interest. The principal of this Note, prior to default hereunder, shall bear interest on the unpaid balance thereof at the **rate of four%** (4 percent) per annum. Interest will be calculated on a 365/360 basis.

Payment Terms. Principal of this Note shall be paid in a single payment on the Final Maturity Date. All accrued and unpaid interest shall be paid in quarterly payments, commencing on the _____ (th) day of the calendar quarter following the initial Advance of principal under this Note and continuing on the _____ (th) day of each calendar quarter thereafter, and on the Final Maturity Date. If any payment under this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State where the Bank's office indicated above is located, such payment shall be made on the next succeeding Business Day. Metro hereby authorizes the Bank to charge Metro's deposit account at the Bank for any payment when due hereunder. Payments received will be applied to accrued interest, principal and charges, fees and expenses (including attorneys' fees) in any order the Bank may choose, in its sole discretion.

Late Payments; Default Rate. If Metro fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within ten (10) calendar days of the date due and payable, Metro also shall pay to the Holder hereof a late charge equal to _____ percent (____%) of the amount of such payment or \$50.00 whichever is greater. Upon maturity, whether by acceleration, demand or otherwise, and at the option of the Holder upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, this Note shall bear interest at a rate per annum (calculated on a 365/360 basis) which shall be _____ percentage points (____%) in excess of the interest rate in effect from time to time under this Note but not more than the maximum rate allowed by law (the "Default Rate").

Prepayment. Metro may prepay this Note in whole or in part without penalty or premium at any time prior to maturity. Any partial prepayment shall be applied first to accrued interest due and owing, the balance being applied to the reduction of the principal hereof or, at Bank's option, any partial prepayment may be applied in its entirety to the principal hereof.

Other Loan Documents. This Note is issued pursuant to the Authorizing Ordinance, the terms of which are incorporated herein by reference (collectively, together with this Note, herein referred to as the "**Loan Documents**"), and is secured to the extent described in the Loan Documents (if any) and by such other collateral as may in the future be granted to the Bank to secure this Note. The Authorizing Ordinance is on file at the principal office of Metro and is available there for inspection.

Events of Default. The occurrence of any of the following events will be deemed to be an “Event of Default” under this Note: (i) the nonpayment of any principal, interest or other indebtedness under this Note when due; (ii) the filing by or against Metro of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against Metro, such proceeding is not dismissed or stayed within 30 days of the commencement thereof); (iii) any representation or warranty made by Metro to the Holder in the Authorizing Ordinance, Note Purchase Agreement, or any other documents now or in the future securing the obligations of Metro to the Holder, is false, erroneous or misleading in any material respect; or (iv) the failure of Metro to observe or perform any covenant or other agreement with the Holder contained in the Authorizing Ordinance, Note Purchase Agreement or any other documents now or in the future securing the obligations of Metro to the Holder. Upon the occurrence of an Event of Default: (a) the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the option of the Holder and without demand or notice of any kind, may be accelerated and become immediately due and payable; (b) at the option of the Holder, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default; and (c) the Holder may exercise from time to time any of the rights and remedies available to the Holder under the Authorizing Ordinance or under applicable law.

Miscellaneous. No delay or omission of the Bank to exercise any right or power arising hereunder shall impair any such right or power or be considered to be a waiver of any such right or power, nor shall the Bank’s action or inaction impair any such right or power. Metro agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Bank in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Bank’s counsel. If any provision of this Note is found to be invalid by a court, all the other provisions of this Note will remain in full force and effect. Metro and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. Metro also waives all defenses based on suretyship or impairment of collateral. This Note shall bind Metro and its heirs, executors, administrators, successors and assigns of Metro, and the benefits hereof shall inure to the benefit of the Bank and its successors and assigns.

Line of Credit. Advances under this Note may be requested only in writing by Metro or by an authorized person or by prearranged electronic transfer of funds. All communications, instructions, or directions by telephone or otherwise to Bank are to be directed to Bank’s office shown above. The Mayor and Director of the Office of Management and Budget or either of them, or any other officer or party designated in writing by the Mayor are authorized to request advances under the Line of Credit until Bank receives from Metro at Bank’s address shown above written notice of revocation of his or her authority. Metro agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Metro’s accounts with Bank. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Bank’s internal records, including daily computer printouts. Bank shall have no obligation to advance funds under this Note if an Event of Default exists hereunder.

This Note has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank’s office indicated above is located. **THIS NOTE WILL BE**

INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BANK AND METRO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY WHERE THE BANK'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES. To the extent permitted by law, Metro hereby irrevocably consents to the exclusive jurisdiction of any state or federal court for the county or judicial district where the Bank's office indicated above is located; provided that nothing contained in this Note will prevent the Bank from bringing any action, enforcing any award or judgment or exercising any rights against Metro individually, against any security or against any property of Metro within any other county, state or other foreign or domestic jurisdiction to the extent permitted by law. Metro acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and Metro. To the extent permitted by law, Metro waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

This Note is transferable on the register maintained by Metro upon the surrender of this Note at the office of Metro, accompanied by a written instrument of transfer in form satisfactory to Metro, duly executed by the owner or such owner's attorney or legal representative, for notation by Metro indicating the name of the transferee, the date to which interest has been paid, and the balance of principal due hereon. Metro may treat the person in whose name this Note is registered as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Note or for any claim based hereon against any director, officer, or employee, past, present, or future, of Metro or any successor body, as such, either directly or through Metro or any such successor body, under any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or any legal or equitable proceeding or otherwise, all such liability of such directors, officers, and employees being released as a condition of and as an explicit and material part of the consideration for the issuance of this Note.

This Note is exempt from taxation by the Commonwealth and all of its political subdivisions and taxing authorities. Interest on this Note will be included in gross income for federal income tax purposes.

All acts, conditions, and things required by the Constitution and laws of the Commonwealth to happen, exist, and be performed precedent to and in the issuance of this Note have happened, do exist, and have been performed as required.

IN WITNESS WHEREOF, Metro has caused this Note to be executed in its name with the manual signature of its officer duly authorized thereunto and identified below, all as of the date first set forth above.

LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT

By _____
Greg Fischer
Mayor

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By: _____

New Markets Tax Credit Prgm.Promissory Note Republic-D.Morris ROC tg.bkn Draft 1.doc

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SCHEDULE OF TRANSFERS

NOTE: Before notation of transfer of this Note is entered by Metro below and on its bond register, this note shall be surrendered accompanied by a written instrument of transfer in form satisfactory to Metro duly executed by the registered owner hereof in person or by such owner's attorney or legal representative.

<u>Name and Address of New Registered Owner</u>	<u>Date of Transfer</u>	<u>Balance of Principal Due on Date of Transfer</u>	<u>Date to which Interest Paid</u>	<u>Signature of Metro</u>

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